



File 15

John Pike

Pillar Holdings Limited

DIRECTORS' REPORT AND ACCOUNTS

31st July 1964

Directors' Report and Accounts, 31st July 1964



The Clyde Tunnels

Mellowes & Company Limited has designed, fabricated and fixed the tunnel linings and suspended ceilings for the newly completed Clyde Tunnels. The work incorporates 80 tons of aluminium extrusions and 70 tons of aluminium sheeting.

John Franklin Thomasson, M.C.



Mr. J. F. Thomasson has been Chairman of the company since its inception in its present form in 1956. To the very great regret of his colleagues and to everyone connected with the company he is retiring, for personal reasons, from the Chairmanship and the Board at the Annual General Meeting in December.

John Franklin Thomasson has never sought the public eye. Of a retiring disposition he has not allowed his success either at Cambridge where he secured a First in Economics or, subsequently, in his business career, to interfere with the even tenor of his life, and this has shown in his steadiness and strength of character.

Possessed of a first class brain and acute judgment, he has invariably exercised a compelling influence on everything to which he has set his hand; but, for all

that, his approach has always been a human and understanding one.

As senior partner of J. F. Thomasson & Co., the merchant banking firm he founded in 1930, it was he who conceived the idea of Pillar. The growth of the company is due in no small measure to his light but skilful hand on the reins. Those of us who have worked with him over the years know just how much he has put into it and we shall miss his quiet authority, his sense of humour and his ability never to force his view but to carry everyone with him.

He is retiring from business to his attractive house in the foothills of the Alpes Maritimes. His colleagues on the Board and the management of the Company extend to him and to Mrs. Thomasson their very best wishes.

Directors and Officials of the Company

Directors

J. F. THOMASSON, M.C. (Chairman)
G. A. A. HEYNES, C.A. (Vice-Chairman)
J. A. PATERSON (Managing)
D. FREDJOHN (Deputy Managing)
G. E. BORRETT, M.B.E.
H. HALL
B. MANNING
P. SHELBOURNE
H. S. O. P. STEDALL, O.B.E.
M. B. P. STEDALL, O.B.E., T.D.
J. R. STOPFORD

Secretary

R. W. REYNOLDS

Financial Controller

D. R. MILLER, C.A.

Registrars

INDUSTRIAL AND FINANCIAL SECRETARIAT LIMITED
53, Eastcheap, London, E.C.3

Bankers

ROYAL BANK OF SCOTLAND
WESTMINSTER BANK LIMITED

Solicitors

LINKLATERS & PAINES

Auditors

McCLELLAND, MOORES & CO.
COOPER BROTHERS & CO.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Thirty-eighth Annual General Meeting of Pillar Holdings Limited will be held at 20, Aldermanbury, London, E.C.2, on Thursday, 17th December, 1964, at 12 noon, for the following purposes:

- 1 To receive the Directors' Report, Statement of Accounts and Auditors' Report for the year ended 31st July, 1964.
- 2 To elect Directors.
- 3 To fix the remuneration of the Auditors.
- 4 To transact any other ordinary business of the Company.

NOTICE IS HEREBY ALSO GIVEN that at the conclusion of the ordinary business of the Meeting the following Ordinary Resolution will be proposed as special business:

RESOLUTION

THAT the number of Directors shall not be more than fifteen.

By Order of the Board,
R. W. REYNOLDS,
Secretary

Lee House,
London Wall, London, E.C.2
24th November, 1964

A Member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not also be a Member of the Company.

Report of the Directors

To be presented to the 38th Annual General Meeting to be held on Thursday the 17th day of December, 1964, at 12 noon.

The Directors submit their report and the audited accounts for the year ended 31st July, 1964.

Profit

The profit of the Group for the year attributable to the interest of the Members of Pillar Holdings Limited, after charging taxation, amounted to £390,019.

After deducting profits of £18,614 dealt with in the accounts of the subsidiaries, the profit dealt with in the accounts of the holding company was £371,405. With the addition of the unappropriated profit of the holding company brought forward from the previous year of £56,410 the balance of profit available for distribution is £427,815.

Appropriations

An interim dividend on 10,384,217 Ordinary Shares of 2s. each of 10 per cent. less income tax was paid on 30th May, 1964, amounting to £63,603. The Directors have declared a second interim dividend (in lieu of a final dividend) on the same capital, 10,384,217 Ordinary Shares, for the year, of 20 per cent. less income tax, absorbing a further £127,207. This second interim dividend, will be paid on the 21st December, 1964 to Members on the Register at the close of business on 4th December, 1964.

After providing for the foregoing and transferring £25,000 to capital reserve, the unappropriated balance of the holding company carried forward to next year is £212,005.

Changes in the Composition of the Group

Since the 31st July, 1963, the Group has acquired the entire issued share capitals of two holding companies, Grafton Industrial Securities Limited and Mellows & Company, Limited and of Pohlmann & Son Limited. The Group has also acquired 79 per cent. of the equity share capital of K. W. Chemicals Limited, and 27.2 per cent. of the equity share capital of General Piped Television (Scotland) Limited making a total held in this company of 78.7 per cent.

Also since the same date Indal Continental Limited has been formed. In Germany it has promoted and subscribed for a 50 per cent. interest in Indalpress Aluminium Profil G.m.b.H. In France it has agreed to acquire a 50 per cent. interest in Cogi-Alu S.A. which is changing its name to Cogi-Indal S.A. Indal Canada Limited has been formed in Canada and has acquired a 61 per cent. interest in Westland Metals Limited and an 80 per cent. interest in Custom-Aire Aluminum Limited, both Canadian companies.

Since the acquisition of Grafton Industrial Securities Limited, the Group, during the year, disposed of its entire share interest in Scottish Air Engine Services Limited. Also during the year two of the subsidiaries of Mellows & Company, Limited, namely Leigh & Sons Metal Works Limited and Barkerhouse Engineering Company Limited, have been put into voluntary liquidation and another, T. Rowbotham & Company Limited, has been sold by the Group.

Report of the Directors continued

Directorate

Mr. D. Fredjohn, Mr. H. Hall, Mr. G. A. Heynes, C.A., and Mr. B. Manning were appointed to the Board during the year as additional Directors. In accordance with the Articles of Association they now retire and, being eligible, offer themselves for re-election.

In accordance with the Articles of Association, Mr. J. R. Stopford and Mr. J. F. Thomasson retire by rotation. Mr. J. R. Stopford being eligible offers himself for re-election.

Capital Structure

By Ordinary Resolution of the Company passed on 18th December, 1963, the Ordinary Stock Units of 2s. each in the capital of the Company were converted into Ordinary Shares of 2s. each.

Since the date of the last report a further £243,501 of the issue of 7½ per cent. Convertible Unsecured Loan Stock 1965/73 has been converted into 645,278 Ordinary Shares of 2s. each, and since the same date 4,005,031 Ordinary Shares of 2s. each have been issued in connection with certain of the acquisitions referred to above.

On the 16th January, 1964, the Managing Director, Mr. J. A. Paterson, exercised his option to subscribe for Ordinary Shares to the extent of the balance of his option amounting to 40,000 Ordinary Shares at a price of 6s. 3d. per share.

As a result of the above issues the issued share capital of the Company at 31st July, 1964 was, and at the date of this report still consists of 10,384,217 Ordinary Shares of 2s. each, fully paid.

Since the date of the last report, the Company has created £2,000,000 6 per cent. Convertible Unsecured Loan Stock 1983/88 of which a total of £1,588,813 has been issued in connection with the acquisitions of Grafton Industrial Securities Limited and Mellows & Company, Limited, referred to above.

Auditors

The Company's joint auditors, McClelland, Moores & Co., and Cooper Brothers & Co., remain eligible, and in accordance with Section 159 of the Companies Act, 1948, both will continue in office.

By Order of the Board,
R. W. REYNOLDS,
Secretary

Lee House,
London Wall, London, E.C.2
24th November, 1964

Chairman's Statement

Our profit for the twelve months to 31st July, 1964, under review, amounted to £860,425 (including the profits of the companies acquired during the year, from 1st August, 1963) before taxation and adjustment for outside shareholders' interests, compared with £260,103 for the previous period from 6th July, 1962 to 31st July, 1963. Profit after tax and attributable to ordinary shareholders was £406,713, which is more than two and a half times higher than in the previous period. Despite a rise in the effective tax charge, from 39 per cent. to almost 51 per cent., net earnings per share rose by almost 45 per cent.

The results of the year fully justify the expectations which I expressed in last year's statement and the Board's decision, taken three years ago, to embark on a new pattern of development.

Two major acquisitions of quoted holding companies were completed during the year namely Grafton Industrial Securities Limited (Grafton) and Mellows & Company, Limited (Mellows). Both these groups have substantial fabricating facilities primarily supplying aluminium and other metal products for the building industry and, since their acquisition, these have been run in close conjunction with the associated aluminium companies of the Indal group. Both the Grafton and Mellows groups also have well-established and successful companies in the field of light engineering and the operations of these are now being co-ordinated in a manner to which I refer later. Your Board is well satisfied with the contributions which these two major acquisitions have made to overall Group profit for the year under review.

Since the start of our current year on 1st August, 1964, the General Election has taken place and the Government has changed. As the table on page 8 indicates, the activities of the Group are now heavily biased towards aluminium and building products and general engineering. The new Government has indicated its backing for a continued high level of building activity, particularly of schools, hospitals and slum replacement. These are fields where our Group's modern aluminium building products are highly suitable and much development work has taken place in the last year to improve our position to serve these demands. Our engineering companies serve an important cross section of British industry which is bound to continue at a high level of activity if the economy, and particularly exports, are to grow, which apparently is the new Government's intention. It is not expected that the recently imposed 15 per cent. import surcharge will have any material effect on the profitability of the Group as a whole in the current year.

Your Board approaches the future with optimism and, assuming no unforeseen events or adverse changes in general economic or fiscal conditions, expects a continuing increase of profits during the current year. Your Board therefore declared, on 10th November, 1964, a second interim dividend of 20 per cent. out of the profit of the year under review in lieu of recommending payment of any final dividend. This second interim dividend of 20 per cent., together with the interim dividend of 10 per cent. paid last May, makes a total of 30 per cent. for the year compared with 21 per cent. in the previous period and 18 per cent. in the year before. The net amount of this 30 per cent. dividend is covered more than twice by the Group profit after tax for the year under review.

Our Board meeting to consider the recommendation of a final dividend was held, as planned many months previously, on 10th November, which turned out to be the day prior to the recent Budget. Anticipating that this Budget might include new taxation on company profits and dividends which could have become effective on the Budget day, we decided to declare a second interim dividend (which requires no resolution at the forthcoming Annual General Meeting) rather than recommending any final dividend. The amount set aside for income tax 1965/66 in these accounts has been computed at the rate of 7s. 9d. in the £ and accordingly takes no account of the increase to 8s. 3d. in the £ proposed in the Budget.

Chairman's Statement continued

There is set out on page 26 a five year table of Group financial statistics which I think will be of interest to you. The following table compares, for the year under review and for the previous two years, the proportionate profit before tax of the respective divisions of our activities:

Division	Year ending 31st July, 1964	Period ending 31st July, 1963	Year ending 5th July, 1962
Aluminium and building products	54 %	78 %	23 %
Engineering	29 %	6 %	21 %
Publishing	2 %	7 %	20 %
Television relay & rental	8 %	4 %	13 %
Merchanting	6 %	—	—
Miscellaneous	1 %	5 %	23 %
	100 %	100 %	100 %

It will be obvious from the previous table how far we have moved in the last three years from being a small group of unconnected units to the present concentration of more than fifty companies operating in a limited number of fields where there is ample scope for integration and rationalisation. Actual profits from aluminium and building activities more than doubled in the year under review and those from engineering were fourteen times higher than in the previous period.

The adoption by Mellows, at 31st July, 1964, of the Group's policy regarding the valuation of work in progress resulted in additional profit before tax of £82,000. This has been dealt with in the accounts as an exceptional profit of £40,000, after provision for taxation, rather than being included in the Group profit before tax for the year under review. The date of making up the accounts of various companies acquired during the year is being changed to conform with Pillar's financial year and this has necessitated an additional provision for taxation aggregating £55,753 which has also been dealt with as an exceptional item.

The year has been one not only of expansion by way of acquisition and promotion of new activities but also of continuous consolidation and reorganisation. I should now like to comment more specifically on each of the main sections of Group activity.

Independent Aluminium Holdings Limited (Indal)

In my report last year I outlined to shareholders the terms of an agreement between Pillar and Venesta Limited (Venesta) whereby the two groups, with effect from 1st August, 1963, agreed to develop their aluminium activities in a new jointly-owned company, Indal. The year under review has, therefore, been the first year of Indal's activities and we are publishing and enclosing separate accounts for Indal. These show that Indal's consolidated profit for the year amounted to £426,977 before taxation, exceptional items and adjustments for outside shareholders' interests. Pillar Group profit for the year includes a dividend of £286,558 receivable from Indal, being the profit of Indal attributable to Pillar (representing approximately 72½ per cent. of the total profit of Indal available for distribution during the year) "grossed up" at the standard rate of income tax.

Independent Aluminium Extruders Limited (Indalex) has expanded its capacity and sales during the year and the second high-speed hydraulic press, to which I referred in my last statement, came into operation, as planned, in December, 1963. New polishing and anodising plants for architectural sections have been built alongside Indalex's

extrusion plant at Cheltenham and the sale of pre-anodised, polished architectural aluminium sections has just commenced. Indalex is the only extrusion company in the country with integrated facilities to offer this service. Duraflex Housecrafts Limited, run in conjunction with Indalex, continued to expand its sales and profit during the year.

During the year it became apparent that a number of the Indal companies required additional space for expansion and improvement of their production facilities. Furthermore, it was desirable to locate these companies as close as possible to Indalex's extrusion plant at Cheltenham. Very fortunately, last spring we were able to lease for Indal approximately 150,000 square feet of excellent factory premises in Gloucester, less than 10 miles from Indalex's extrusion and anodising and polishing plants.

Demand has increased greatly for all forms of aluminium doors, entrances and shop front systems produced by Ajax Aluminium Limited (Ajax), and for a new standard range of aluminium doors, the sale of which has been promoted during the year through a new Ajax subsidiary, Venesta Aluminium Entrances Limited. This has necessitated the production facilities of the two companies being moved from Sydenham and Colchester into larger accommodation at the Gloucester site.

With effect from 1st August, 1964, Indal acquired Holoplast Limited, the aluminium curtain walling and partitioning business formerly carried on within the Reed Paper Group. The curtain walling side of the business is being moved to the new accommodation in Gloucester and is being closely co-ordinated with the activities of Ajax.

Another company within the Indal group where sales demand has necessitated a move to larger and more suitable premises is Venesta Aluminium Products Limited (V.A.P.), a subsidiary of Acorn Anodising Company Limited (Acorn), which with its subsidiaries was transferred to Indal by Venesta at the time of the formation of the Indal group. V.A.P., which produces aluminium components primarily for the domestic appliance and automobile industries, had a disappointing year, making a loss, largely as a result of difficulties in acquiring raw material of a suitable quality. The company was also working in very cramped and unsatisfactory quarters. Its production facilities have now been largely moved to Gloucester and, with the better working conditions there, it is hoped that this company will become profit-earning this year. V.A.P. provides a large amount of sub-contract polishing and anodising work for Acorn.

During the year Acorn brought into production a large new anodising and polishing plant at Bletchley, the initial costs of which had their inevitable adverse affect on profits. Acorn has now been licensed to undertake the Alcan and Kaiser new self-colouring anodising processes which, together with the advent of the new plant at Bletchley, now in full production, has reinforced Acorn's position as the leading United Kingdom anodising company. Demand for Acorn's services is currently at an all-time peak and still further capacity is being installed.

Aston-Stedall Aluminium Warehouses Limited has continued to maintain its leading position in the field of aluminium distribution and substantially increased its turnover and profit as predicted in my statement last year. It is expanding and rationalising its warehouse facilities and, in this connection, recently acquired a large new warehouse just outside Birmingham, which will be used to service the whole Midlands area.

Ellay Tubes Limited (Ellay) in which Indal has just over a 50 per cent. interest, and which manufactures aluminium and other non-ferrous drawn tubing, particularly for the engineering and electrical trades, continued the growth in sales and profits which were indicated in my last year's statement. Since the end of the year under review Ellay has

Chairman's Statement continued

acquired the entire issued share capital of Enfield Tubular Products Limited, which carries on a similar business to Ellay and which has been one of its principal competitors. Ellay has now changed its name to Ellay Enfield Tubes Limited and the two businesses are to be run in close conjunction.

Pressweld Limited (Pressweld) had a very successful year since the acquisition by Indal of 60 per cent. of its share capital. It produces polished, anodised aluminium wheel trim for the automobile industry and, of course, has benefited from the high level of activity in that industry in the last year. As competition in this field has become increasingly intense, it is unlikely that Pressweld will be able to maintain the same net profitability in the current year. Nevertheless since the end of the year under review Indal has acquired for cash the remaining 40 per cent. of the Pressweld share capital and is now in a position to take whatever steps are necessary to rationalise further the company's production and sales activities with other units in Indal.

Precision Metal Forming Limited, an associated company of Indal, which fabricates aluminium and steel sheet, (including coloured and coated sheet) particularly for the roofing and siding of industrial and domestic buildings, came into production during the year and is already in a profit-making position; its activities are now being further extended.

Indal companies all fabricate or use material fabricated from unwrought aluminium to which the 15 per cent. import surcharge does not apply.

New Overseas Aluminium Activities

The aluminium companies which Pillar has promoted or in which it has acquired interests during the last three years now represent major factors in the United Kingdom in their respective fields of extrusion, anodising and finishing, distribution and architectural fabrication. It is believed that the concept of integrated activity in these aluminium fields can also be successfully promoted in certain countries on the Continent of Europe. For this purpose Indal Continental Limited (Indal Continental) has been formed in England since the end of the year under review and it has already promoted the establishment in Germany of a new company, Indalpress Aluminium Profil G.m.b.H. (Indalpress), which expects to be in production by next spring as an independent aluminium extruder. Indal Continental has at present 50 per cent. of the equity share capital of Indalpress which has been fortunate in obtaining first class German management. Indal Continental has also concluded an agreement in France to acquire a 50 per cent. interest in Cogi-Alu S.A. which is changing its name to Cogi-Indal S.A. and which produces a range of aluminium building products and systems. The other 50 per cent. of Cogi-Indal is owned by La Compagnie Financiere which controls one of the principal property development and building concerns in France.

The concept as well as the way in which our aluminium interests are organised and oriented are based, to a considerable extent, on experience of similar developments at an earlier date in North America and on the introduction of certain North American techniques to this country. To maintain our pre-eminent position it is considered desirable to associate ourselves closely with continuing product and marketing developments in North America. Towards this end, another new company, Indal Canada Limited, has recently been incorporated in Canada and has, since the end of the year under review, concluded arrangements to acquire first 80 per cent. of the equity share capital of Custom-Aire Aluminum Limited which operates aluminium extrusion presses in Montreal, Toronto and Calgary and secondly 61 per cent. of the equity share capital of Westland Metals Limited operating aluminium and steel roll forming plants in Vancouver and Calgary similar to those of Precision Metal Forming Limited. Over and above any of the intangible benefits mentioned above, we believe that these two acquisitions represent attractive financial investments

*checked & prepared
11 June 207*

Hummer *none* *Walter Stracey* *Aug-12/65*
12th Ian Ronald
Mr. Sachs Herwynne

which, with their experienced management, can form a sound basis for further development in North America. A circular giving full details of these new Canadian developments is being prepared and will be sent to shareholders as soon as possible.

Engineering

At the beginning of the year under review the Group's engineering activities were confined to the electrical field and comprised W. Muir Goodfellow & Company Limited (Muir Goodfellow), which now undertakes civil and industrial as well as marine electrical contracting and has a flourishing department producing switchboards, and Andrew Chalmers & Mitchell Limited (Chalmers & Mitchell), which manufactures industrial and marine lighting as well as other electrical engineering components. Muir Goodfellow's activities were again affected by general conditions in the shipbuilding field and by extreme competition in the civil electrical contracting field in Scotland. However, it has a record order book and looks set for a reasonably satisfactory year. Chalmers & Mitchell, under new management, has lived up to the expectation mentioned in my statement last year and made a satisfactory profit.

The acquisition of Grafton in 1963 brought into the Group Peak Engineering Company Limited (Peak) a company with a high reputation for quality machining of components and for assemblies; Air Engine Services Limited (Air Engines), a leading specialist in the overhaul and repair of aero engines; and Bagshaw & Morris Limited (Bagshaw) which manufactures springs for the automobile and upholstery trades. Peak made an excellent profit for the year and demand for its services continues at a very high rate. It has recently brought into production additional factory space and facilities. Air Engines achieved its forecast profit and consideration is being given to the expansion of its activities. A complete reorganisation of Bagshaw's plants took place during the year. This had an adverse effect on production and profit. The reorganisation, however, is now complete and under new management improved results are expected.

Subsequently, the acquisition of Mellows brought into the Group Pneumatic Components Limited (P.C.L.), a leading designer and manufacturer of garage forecourt equipment and pneumatic equipment for the motor trade; Welding Rods Limited (Welding Rods), manufacturers of welding electrodes, rods and welding equipment; Mellows Orb Engineering Limited (Mellows Orb), designers and manufacturers of moulds and dies and pressure die castings in aluminium and zinc; and, finally, Sanenwood Products Limited (Sanenwood), designers and manufacturers of densified domestic woodware, cutlery and flatware.

The continued successful development and introduction of new products by P.C.L. and the competitive prices at which it sells both in this country and abroad resulted in a substantial increase in profit and the company's factory space is being expanded. Welding Rods doubled its profits and Sanenwood continued to improve its position. Mellows Orb made a reasonably increased profit and plans for reorganisation and expansion are under way.

The Group's engineering activities in the year contributed approximately 29 per cent. of the Group profit. They now form a most important area of activity which the Group wishes to continue to expand. To co-ordinate the operations of the engineering companies and to provide Group management capable of undertaking such expansion Pillar Engineering Limited (Pillar Engineering) has been incorporated. Plans are presently being carried through to make all the engineering companies direct subsidiaries of Pillar Engineering.

The machine tool merchanting companies with which I dealt separately last year will come under the general co-ordination of Pillar Engineering and it is therefore appropriate for me to deal with these companies now. The recovery of the machine tool industry in the United Kingdom has been slower than had originally been expected

Chairman's Statement continued

and the machine tool companies contributed virtually nothing this year to Group profit. However, since the end of the year under review trading has considerably improved and monthly orders are currently at a record level.

Publishing

Despite increased costs of printing and the promotional expenses written off during the year incidental to a new publication "Salon", a supplement to "Hair & Beauty", the trade publications matched the level of profitability of last year. Increased advertising rates and increased promotional effort behind the publications should improve the position in the current year.

Television Relay and Rental

The diversification of the relay television companies into television set rental and general electric and domestic appliance retailing, referred to in my statement last year, has continued throughout the year under review and has been strengthened by the acquisition during the year of Pohlmann & Son Limited, whose profit for the period has exceeded original estimates. This, together with lower costs, has resulted in an increased profit from these activities.

Merchanting

This part of the Group's activities now comprises K. W. Chemicals Limited (K. W. Chemicals) and Stedall Industrial Products Limited (S.I.P.). K. W. Chemicals, in which a 79 per cent. interest was acquired during the year under review, is a substantial importer and merchant of aluminium, chemicals and machinery for the paint and plastics industry. It is sole United Kingdom distributor for the products of the Pechiney-Saint-Gobain group of France who are the other shareholders. K. W. Chemicals produced very satisfactory results for the year under review. S.I.P., in which Pillar has a 50 per cent. interest, was formed at the time of the reorganisation of the trading activities of Stedall & Company Limited, acquired in 1962, and it carries on the wholesale builders' merchant and ironmongery activities of the original Stedall group. Reorganisation of S.I.P.'s activities and management have taken place over the last two years and it now shows signs of a gratifying improvement.

Personnel

Major-General J. D. B. Smith, C.B.E., D.S.O., C.D., has joined the holding company management as Chairman of Pillar Engineering. General Smith was until January, 1962, with the Canadian Army, latterly as Adjutant-General, and since retiring has been with the Thomson Organisation. Mr. Ian H. Blick, A.M.I.Mech.E., A.F.R.Ae.S., formerly with the Hawker Siddeley group, has joined the Group as a full-time director of Pillar Engineering.

M. Philippe Rondeaux de Courcy has joined the Group as Managing Director of Indal Continental. M. de Courcy is a Frenchman, resident in Paris, who has 18 years' experience in the aluminium industry, holding senior positions, at first with Aluminium Limited (Alcan) and more recently with Schwartz-Hautmont, the French architectural fabricating concern.

Mr. Bruce Manning, an executive director of Pillar, has become executive Chairman of Mellows and Mr. K. H. Ward, formerly Managing Director of Grafton, has become Managing Director of Mellows. In addition, there has during the year been a strengthening of many other operating company managements at all levels.

At the end of the year under review Pillar's subsidiaries and principal associated companies had approximately 4,500 employees. I would like again to thank and congratulate them all for the effort and often very long hours they have devoted towards the results which have been achieved.

Directors

Upon the completion of the acquisition of Grafton, Mr. Gordon Heynes, the Chairman, joined the Pillar Board and became Vice-Chairman of Pillar. Following the successful integration of Grafton into the Pillar Group, Mr. Heynes is resigning his position as Vice-Chairman but will continue as a Director. Upon the acquisition of Mellowes, Mr. Herbert Hall, then Chairman of Mellowes, also joined the Pillar Board.

Mr. D. Fredjohn, who joined the Group in 1961 to promote, as Managing Director, the establishment of Indalex, and who became Deputy Managing Director of Indal at the time of its formation, joined the Pillar Board in March 1964. Mr. Fredjohn has since been appointed a Deputy Managing Director of Pillar and as such will in future associate himself in the general management of the Group with our Managing Director, Mr. J. A. Paterson, who has contributed so much to our progress over the last three years.

At present the maximum number of Directors permitted under the Company's Articles of Association is twelve. With a view to possible future expansion it is thought desirable to increase this maximum number to fifteen and the necessary resolution will be proposed at the forthcoming Annual General Meeting.

General

This has been a most significant year for the Group. Continued expansion has been by acquisition, promotion and internal development. This bears out our conviction that with the right priorities and calibre of Group and operating company managements expansion and consolidation can be undertaken at the same time. An important aspect of expansion is that it is easier to attract suitable management and staff at all levels when there is sufficient scope to meet their personal aspirations. We believe it to be of vital importance that each operating company has the best possible management team of its own. In this way individuals concerned with the Group management can primarily concentrate on Group matters such as senior personnel, finance and financial controls, broad planning and negotiation.

The re-location at Gloucester of certain companies in the Indal Group to which I have referred has largely taken place since the end of the year under review and inevitably involves some production dislocation and other expenses. On the other hand, your Board believe there are very substantial profits yet to be achieved from the integration, reorganisation and rationalisation of the various companies which have been acquired by the Group in the last two years. This work is proceeding steadily but shareholders will appreciate that it requires time to achieve fully.

Our near-tenfold expansion of profits over the last three years has, I suggest, justified our belief that there is a valuable place for the specialised holding company and, while in no way being complacent about the problems which inevitably lie ahead for any business concern, I believe that Pillar is set on a sound course and the shareholders may look for a further growth of profit return on their equity in the future.

Chairmanship

For some time past I have, for personal reasons, been planning to resign the Chairmanship. I now believe that the Company is well launched and I therefore do not propose to seek re-election as a Director. My place as Chairman will be filled by Mr. G. E. Borrett, following the forthcoming Annual General Meeting. Mr. Borrett is one of the Directors who joined the Board at the same time as myself when the Company first entered the industrial field. His merchant banking and general business experience and his knowledge of the Company's development well fit him for the post and I feel confident that, under his Chairmanship, the Company will continue to prosper.

J. F. THOMASSON,
Chairman

Activities and Locations of Principal Subsidiaries and Associates at the date of this

Name of Company	Activity	Locations
ALUMINIUM AND BUILDING COMPONENTS		
Independent Aluminium Holdings Limited (50%)	Holding company	London
Acorn Anodising Company Limited (90%).....	Anodising	London, Boreham Wood, Birmingham, Bletchley
Acorn Ano-Coil Limited (51%).....	Continuous strip anodising	London
Supreme Anodizing Limited (50%).....	Anodising	Toronto (Canada)
Venesta Aluminium Products Limited.....	Manufacture of pressings, spinings, etc., for automobile and consumer durable industries	Gloucester, London
Ajax Aluminium Limited.....	Manufacture of aluminium entrances and shopfronts	Gloucester
The Universal Shopfitting Company (London) Limited	Shopfitting	Croydon
Venesta Aluminium Entrances Limited.....	Manufacture of aluminium doors and entrances	Gloucester
Aston-Stedall Aluminium Warehouses Limited (50%).....	Stocking and distribution of aluminium	Birmingham, London, Southampton, Leeds, Cardiff, Nottingham, Leicester, Bristol, Manchester, Glasgow
Alloy Transport Sections Limited.....	Vehicle body building and distribution of aluminium transport sections	Tipton
Duraflex Housecrafts Limited.....	Manufacture of aluminium and plastic draught excluders	Cheltenham
Ellay Enfield Tubes Limited (50.02%).....	Manufacture of drawn non-ferrous tubes	Maidenhead
Enfield Tubular Products Limited.....	Manufacture of drawn non-ferrous tubes	Enfield
Holoplast Limited.....	Manufacture of aluminium curtain walling and partitioning	Gloucester, London
Independent Aluminium Extruders Limited (99.67%).....	Aluminium extruding, polishing and anodising	Cheltenham
Precision Metal Forming Limited (37.55%).....	Fabrication of aluminium and steel sheet products	Cheltenham
Pressweld Limited.....	Manufacture of aluminium automobile wheel trim	Leatherhead
Indal Canada Limited	Holding company	Toronto (Canada)
Custom-Aire Aluminum Limited (80%).....	Aluminium extruding	Toronto, Montreal, Calgary (Canada)
Westland Metals Limited (61%).....	Fabrication of aluminium and steel sheet products	Vancouver Calgary (Canada)
Indal Continental Limited	Holding company	London
Indalpress Aluminium Profil G.m.b.H. (50%).....	Aluminium extruding	Schötmar (Germany)
Cogi-Indal S.A. (50%).....	Manufacture of a range of aluminium building products and systems	Blerancourt (France)
Mellowes & Company, Limited	Manufacture in aluminium and steel of patent glazing, windows, lantern and roof lights, curtain walling, panelling and partitioning	Sheffield
Doodson & Bain Limited.....	Manufacture of metal windows	Manchester
W. G. Kaleyards Limited (58%).....	Manufacture of metal windows and curtain walling	Chester
Quicktho Engineering Limited	Manufacture of aluminium windows and curtain walling	Portsmouth
MERCHANTING		
K. W. Chemicals Limited (79%).....	Merchanting and distribution of chemicals and aluminium and machinery for the paint and plastics industry	London
Stedall Industrial Products Limited (50%).....	Wholesale and retail ironmongery, stocking of hardware, electrical goods, etc.	London, Bristol, Manchester

Notes: 1. With the exception of Indalpress Aluminium Profil G.m.b.H. which was incorporated in Germany, Cogi-Indal S.A. which was incorporated in France, Andrew Chalmers & Mitchell Limited and W. Muir Goodfellow & Company Limited which were incorporated

Name of Company	Activity	Locations
ENGINEERING		
Pillar Engineering Limited	Holding Company	London
Andrew Chalmers & Mitchell Limited	Manufacture of cable glands, floodlights and light fittings for ships	Glasgow
Air Engine Services Limited.....	Overhaul and repair of aero engines	Lingfield
Bagshaw & Morris Limited.....	Manufacture of springs for upholstery and motor trades	High Wycombe
Clearline Electronics Limited (49%).....	Manufacture of relay television and electronic equipment	Glasgow
Mellows Orb Engineering Limited.....	Design and manufacture of moulds and dies and pressure die casting of aluminium and zinc	Manchester
Peak Engineering Company Limited.....	Manufacture of quality machined components and assemblies	Stratford on Avon
Pneumatic Components Limited.....	Design and manufacture of garage equipment and motor accessories	Sheffield
Sanenwood Products Limited (99.99%).....	Manufacture of densified domestic woodware, cutlery and flatware	Sheffield
Stedall Machine Tool Company Limited	Machine tool stocking	London, Manchester
Pidgen Brothers Limited	Second-hand machine tool stocking	London
I. Bier & Son (Technical) Limited (20%)	Technical agency	London
Welding Rods Limited	Manufacture of welding electrodes, rods and welding equipment	Sheffield
W. Muir Goodfellow & Company Limited (99.96%)	Electrical contracting	Glasgow
PUBLISHING		
Prean Holdings Limited	Holding Company	London
Britannicus Liber Limited.....	Miscellaneous publishing	London
Day, Mason & Ford Limited	Miscellaneous publishing	London
Diligent Press Limited	Publishing "School & College"	London
District Press Limited	Publishing "Hair & Beauty"	London
Drury Press Limited	Publishing "The Retail Chemist" and "The Retail Chemist Price List"	London
Temple Publicity Services Limited	Specialist publishing of club hand-books	Bournemouth
Walding Press Limited.....	Miscellaneous publishing	London
RELAY TELEVISION		
General Piped Television Limited	Holding Company	Neath
General Piped Television (Scotland) Limited (78.7%)	Relay television and set retailing and renting	Glasgow
Repeatavision (Lake District) Limited	Relay television and set retailing and renting	Windermere
West Riding Communal Aerials Limited (51%)	Relay television	Hebden Bridge
Piped Television (Wales) Limited	Relay television and set retailing and renting	Neath
G. Line Television (Successors) Limited	Relay television and set retailing and renting	Neath, Abergavenny
Knight Rentavision Limited.....	Relay television and set retailing and renting	Neath
Relay Services (Gorseinon) Limited	Relay television and set retailing and renting	Gorseinon
Repeatavision (Ogmore & Garw) Limited.....	Relay television and set retailing and renting	Neath
Swansea & District Traders Television Relay Limited	Relay television and set retailing and renting	Gorseinon
Welsh Rural Television Services (Successors) Limited	Relay television and set retailing and renting	Neath
West Wales Wireless Relay Limited.....	Relay television and set retailing and renting	Haverfordwest
Pohlmann & Son Limited	Renting and retailing of television, radio and domestic appliances	Halifax

in Scotland and Supreme Anodizing Limited, Indal Canada Limited, Custom-Aire Aluminum Limited and Westland Metals Limited which were incorporated in Canada all the subsidiary and associated companies were incorporated in England.

2. Except where otherwise indicated, subsidiaries are wholly owned by their immediate parent companies.

Report of the Auditors to the Members

The balance sheet of the Company set out on page 19 is in agreement with the books which, in our opinion, have been properly kept. We obtained the information and explanations we required. In our opinion this balance sheet complies with the Companies Act, 1948, and gives a true and fair view of the state of the affairs of the Company.

The consolidated accounts set out on pages 17 and 18 incorporate figures in respect of certain subsidiary companies which have not been audited by us. In our opinion, based upon our examination and the reports of other auditors, the consolidated accounts comply with the Companies Act, 1948, and give a true and fair view of the state of affairs and the profit of the Group.

McCLELLAND, MOORES & CO.,

COOPER BROTHERS & CO.,

London, 16th November, 1964.

Chartered Accountants.

Consolidated Profit and Loss Account

for the year ended 31st July 1964		1964	1963
	Notes	£	£
PROFIT BEFORE TAXATION.....	1, 3	860,425	260,103
Taxation.....	4	435,935	102,263
PROFIT AFTER TAXATION		424,490	157,840
Attributable to outside shareholders in subsidiary companies		17,777	6,000
PROFIT ATTRIBUTABLE TO PILLAR ORDINARY SHAREHOLDERS.....		406,713	151,840
ORDINARY DIVIDENDS, <i>less</i> income tax:			
Interim of 10 per cent. paid on 30th May, 1964.....		63,603	31,609
Second interim of 20 per cent. payable on 21st December, 1964		127,207	40,106
		190,810	71,715
		215,903	80,125
PROFIT UNAPPROPRIATED brought forward		149,828	80,498
<i>Less:</i>			
Attributable to subsidiary companies transferred to Independent Aluminium Holdings Limited and subsidiary companies no longer trading		41,190	—
		108,638	80,498
		324,541	160,623
<i>Less:</i>			
Exceptional items (charges £70,988, less credits £54,294)	5	16,694	9,100
		307,847	151,523
<i>Less:</i>			
Appropriation to capital reserve	11	25,000	1,695
PROFIT UNAPPROPRIATED carried forward.....		£282,847	£149,828

Of the profit of £390,019 (profit of the year £406,713 less exceptional items £16,694) £371,405 (1963—£96,365) has been dealt with in the accounts of Pillar Holdings Limited

The notes on pages 20 to 25 form part of these accounts.

Consolidated Balance Sheet

at 31st July 1964		1964	1963
	Notes	£	£
FIXED ASSETS	6	2,667,397	896,288
TRADE INVESTMENTS	7		
Independent Aluminium Holdings Limited.....		793,593	—
Others.....		232,888	545,265
		1,026,481	545,265
		£3,693,878	£1,441,553
CURRENT ASSETS			
Stocks and work in progress.....	8	4,032,452	551,424
Less: Amounts receivable on account.....		2,021,664	109,818
		2,010,788	441,606
Debtors.....		2,828,528	784,279
Taxation recoverable.....		50,898	28,266
Cash and bank balances.....		50,501	22,565
		£4,940,715	£1,276,716
CURRENT LIABILITIES			
Creditors.....		2,175,304	710,255
Bank overdrafts.....	9	1,381,901	294,674
Current taxation.....		432,035	108,835
Second interim dividend of Pillar Holdings Limited.....		127,207	40,106
		£4,116,447	£1,153,870
NET CURRENT ASSETS		824,268	122,846
Less:		4,518,146	1,564,399
DEBENTURES AND UNSECURED LOAN STOCKS	10	2,107,977	508,665
NET TANGIBLE ASSETS		£2,410,169	£1,055,734
INTANGIBLE ASSETS			
Goodwill arising on consolidation.....	11	2,829,003	283,885
Development and deferred expenditure.....	12	45,419	29,072
		£2,874,422	£312,957
NET ASSETS		£5,284,591	£1,368,691
Representing:			
ISSUED SHARE CAPITAL OF PILLAR HOLDINGS LIMITED		1,038,422	563,391
CAPITAL RESERVES	11	3,357,407	458,480
REVENUE RESERVE		—	8,071
PROFIT UNAPPROPRIATED		282,847	149,828
PILLAR SHAREHOLDERS' INTEREST		4,678,676	1,179,770
OUTSIDE SHAREHOLDERS' INTEREST		271,648	92,756
FUTURE TAXATION	13	334,267	96,165
		£5,284,591	£1,368,691

The notes on pages 20 to 25 form part of these accounts.

Balance Sheet

at 31st July 1964		1964	1963
	Notes	£	£
FIXED ASSETS	14	33,290	10,489
TRADE INVESTMENTS at cost		60,728	60,728
		94,018	71,217
INTEREST IN SUBSIDIARY COMPANIES	15	7,403,246	1,475,493
CURRENT ASSETS			
Debtors.....		30,218	22,592
Taxation recoverable		47,342	14,202
Cash and bank balances		3,838	7,805
		81,398	44,599
		£7,578,662	£1,591,309
CURRENT LIABILITIES			
Creditors		151,336	111,860
Bank overdrafts.....		1,056,360	44,326
Second interim dividend		127,207	40,106
		£1,334,903	£196,292
Less:		6,243,759	1,395,017
UNSECURED LOAN STOCKS	10	1,653,977	308,665
NET ASSETS		£4,589,782	£1,086,352
Representing:			
SHARE CAPITAL			
Authorised:			
20,000,000 (1963 15,000,000) Ordinary Shares of 2s. each		£2,000,000	£1,500,000
Issued:			
10,384,217 (1963 5,633,908) Ordinary Shares of 2s. each fully paid	16	1,038,422	563,391
CAPITAL RESERVES.....	17	3,339,355	458,480
REVENUE RESERVE.....		—	8,071
PROFIT UNAPPROPRIATED		212,005	56,410
	J. F. THOMASSON } J. A. PATERSON }	£4,589,782	£1,086,352
	Directors		

The notes on pages 20 to 25 form part of these accounts.

Notes to the Accounts at 31st July 1964

1 Effect of Changes in the Composition of the Group

- (a) Pursuant to an agreement dated 19th July, 1963 ("the joint venture agreement") the Group transferred, with effect from 1st August, 1963, its aluminium interests consisting of its holdings in certain subsidiaries to Independent Aluminium Holdings Limited ("Indal") in exchange for shares in that company. The Group's shareholding in Indal is shown under the heading of trade investments.
- (b) The results of subsidiaries acquired during the year have, subject to the exceptions indicated in (c) below, been included in the consolidated profit and loss account for the year from 1st August, 1963, the effective date of acquisition. The consideration for such acquisitions (see Note 2) consisted of 4,005,031 Ordinary Shares of 2s. each of Pillar Holdings Limited (ranking for dividends payable out of profits earned from 1st August, 1963), £1,588,813, 6% Convertible Unsecured Loan Stock (ranking for interest for part only of the year) and £757,500 cash. Interest charged in the accounts for the year to 31st July, 1964, in respect of such loan stock amounts to £50,052; for a full year the charge would amount to £95,329.
- (c) The losses of three subsidiaries acquired and sold or liquidated during the year, less the profit of a subsidiary acquired in a prior year which ceased to trade during the year have not been dealt with in the consolidated profit and loss account but have been charged to capital reserve (see Note 11).
- (d) Certain of the subsidiaries acquired during the year did not on acquisition adopt the accounting practices in force in the Group but they are to do so from 1st August, 1964. As a result there has been inconsistent treatment in these accounts of certain items, including, in particular, depreciation and the introduction of tax equalisation.
- (e) The comparative figures for the preceding period have not been adjusted to reflect the changes, outlined above, in the composition of the Group during the year. In the consolidated profit and loss account the 1963 comparative figures relate to the period from 6th July, 1962 to 31st July, 1963.

2 Acquisitions during the Year

Details of the acquisitions during the year, including particulars of the shares, loan stock and cash making up the consideration for these acquisitions and the relevant premiums that arise, are set out below:—

Name of Company	Date of offer becoming Unconditional	Nominal value of		Cash paid	Premiums on	
		Pillar Share Capital Issued	Pillar 6% Loan Stock Issued		Shares	6% Loan Stock
		£	£	£	£	£
Grafton Industrial Securities Limited	2nd December, 1963	165,315	688,813	—	971,226	—
Mellowes & Company Limited	24th February, 1964	216,000	900,000	560,000	1,377,000	220,500
Pohlmann & Son Limited	10th April, 1964	19,188	—	—	112,730	—
K. W. Chemicals Limited	31st March, 1964	—	—	197,500	—	—
		£400,503	£1,588,813	£757,500	£2,460,956	£220,500

The acquisitions consisted of the whole of the equity capital in each case, except for K. W. Chemicals Limited, where 79 per cent. was acquired (Note 18 (f)).

Notes to the Accounts continued

3 Profit before Taxation

The profit before taxation, which is arrived at on the basis set out in Note 1, is after charging:—

	1964	1963
	£	£
Depreciation (see below).....	165,818	101,150
Directors' emoluments		
In respect of services as directors.....	3,064	2,903
In respect of other services.....	22,783	8,103
	25,847	11,006
Auditors' remuneration (of which £1,400 (1963 £735) relates to the holding company).....	9,349	7,252
Interest (gross)		
7½% Convertible Unsecured Loan Stock.....	14,019	26,110
6% Convertible Unsecured Loan Stock (Note 1 (b)).....	50,052	—
4½% Redeemable Debentures of a subsidiary.....	4,950	5,362
7% Unsecured Loan Stock of a subsidiary.....	—	6,825
7½% Mortgage Debenture Stock of a subsidiary.....	22,500	—
6½% Unsecured Loan Notes of a subsidiary.....	3,597	—
Bank and other interest.....	52,663	28,262
	147,781	66,559
and after crediting:—		
Dividend receivable (gross) from Independent Aluminium Holdings Limited (see Note 7).....	286,558	—
Income from other trade investments (gross).....	19,636	45,321
Income from quoted investments (gross).....	2,051	—
Interest received (gross).....	4,446	6,779
	312,691	52,100

No depreciation has been charged in respect of freehold land and buildings of subsidiaries acquired during the year included in their books at £639,304 (see Note 1 (d)).

4 Taxation

The taxation charge, which is based on the profits of the year, after deducting relief of approximately £25,000 in respect of investment allowances, is made up of:—

	1964	1963
	£	£
Income tax.....	322,167	61,997
Profits tax.....	104,777	25,126
Transfer to taxation equalisation (Note 1 (d)).....	8,991	15,140
	£435,935	£102,263

5 Exceptional Items

The exceptional items, which are stated after adjustment for taxation where appropriate, comprise:—

	1964	1963
	£	£
Compensation for loss of office paid to directors of subsidiaries.....	2,016	4,778
Capital issue expenses written off.....	4,487	3,500
Taxation adjustments relating to changes in accounting dates of subsidiaries.....	55,753	4,571
Taxation adjustments relating to prior years.....	5,286	(1,367)
Estimated amounts arising from the adoption at 31st July, 1964 by new subsidiaries, of the Group's policy regarding the valuation of work in progress.....	(43,000)	—
Depreciation freed on revaluation of assets of subsidiaries.....	(11,294)	—
Other items.....	3,446	(2,382)
	£16,694	£9,100

Notes to the Accounts continued

6 Fixed Assets of the Group

	1964		1963
	<i>Cost or Valuation</i>	<i>Accumulated Depreciation</i>	<i>Net</i>
	£	£	£
Freehold and leasehold land and buildings	1,723,437	26,443	1,696,994
Plant and workshop fittings	873,497	506,112	367,385
Relay television installations	475,261	116,203	359,058
Television sets on rental	337,843	267,499	70,344
Furniture, fixtures and fittings	136,398	61,763	74,635
Motor vehicles	186,125	87,144	98,981
Farm equipment and dairy herd	—	—	—
	£3,732,561	£1,065,164	£2,667,397
(1963)	£1,235,976	£339,688	

Freehold and leasehold land and buildings are included on the following bases:—

Valuations in subsidiaries made in March, 1961	£362,500
Valuations in subsidiaries made in December, 1962	134,000
Valuations in subsidiaries made at 31st July, 1964	940,800
Cost to the company or its subsidiaries	286,137
	<u>£1,723,437</u>

The remaining fixed assets are included at cost to the company or its subsidiaries.

7 Trade Investments of the Group

	1964	1963
	£	£
Independent Aluminium Holdings Limited, at cost (see below)	793,593	—
Others, at cost	232,888	545,265
	<u>£1,026,481</u>	<u>£545,265</u>

The Group has held, effectively throughout the year, all the issued "A" Ordinary Shares of Indal representing respectively 50% of the nominal value of the issued share capital and 72.3% of the amount paid up thereon. This investment has been stated at cost to the Group companies concerned of the shares transferred to Indal. The gross dividend receivable by the Group from Indal for the year was £286,558 representing 72.3% of the total dividends payable by Indal for the year.

8 Stocks and Work in Progress

Stocks and work in progress have been valued at the lower of cost and net realisable value with the addition in the case of certain contracts of a proportion of the profit earned to 31st July, 1964. Cost is made up substantially of direct materials, direct labour and the appropriate proportion of overheads, which in the case of contracts include selling expenses.

9 Bank Overdrafts

Bank overdrafts of subsidiaries amounting to £302,648 are secured.

Notes to the Accounts continued

10 Debentures and Unsecured Loan Stocks

	1964	1963
7½% Convertible Unsecured Loan Stock 1965/73 (see below)	£ 65,164	£ 308,665
6% Convertible Unsecured Loan Stock 1983/88	1,588,813	—
Total for Pillar Holdings Limited	1,653,977	308,665
4½% Redeemable Debentures of a subsidiary	110,000	110,000
7% Unsecured Loan Stock of a subsidiary	—	90,000
7½% Mortgage Debenture Stock 1979/83 of a subsidiary	300,000	—
6½% Unsecured Loan Notes 1957/68 of a subsidiary	44,000	—
Total for the Group	£2,107,977	£508,665

Each holder of the convertible unsecured loan stocks has the right on the dates and at the rates set out below, on giving not less than thirty days' previous notice in writing, to convert his loan stock (being £1 stock or a multiple thereof) into Ordinary Shares of 2s. each, fully paid, of Pillar Holdings Limited.

	Number of Ordinary Shares of 2s. each receivable for every £100 loan stock	
	7½% 1965/73	6% 1983/88
31st January, 1965	235	—
31st January, 1967	—	142
31st January, 1968	—	133
31st January, 1969	—	125

£243,501 of 7½ per cent. Convertible Unsecured Loan Stock 1965/73 was converted on 31st January, 1964, into Ordinary Shares of 2s. each, fully paid, of Pillar Holdings Limited on the basis of 265 Ordinary Shares for every £100 Loan Stock.

11 Goodwill arising on Consolidation and Consolidated Capital Reserves

Movements during the year in goodwill arising on consolidation and consolidated capital reserves were as follows:—

	Goodwill arising on Consolidation	Capital Reserves			
		Share Premium	Premium on 6% Loan Stock	General	Total
	£	£	£	£	£
Balances at 31st July, 1963	283,885	458,480	—	—	458,480
Movements in connection with:—					
Acquisitions of subsidiaries (Note 2)	2,824,766	2,460,956	220,500	—	2,681,456
Conversion of 7½ per cent. Loan Stock (Note 10)	—	178,973	—	—	178,973
Exercise of option by Mr. J. A. Paterson	—	21,250	—	—	21,250
Profit on sale of trade investment	—	—	—	24,901	24,901
Profit on sale of fixed assets	—	—	—	25,148	25,148
Amount transferred from revenue reserve	—	—	—	8,071	8,071
Amount appropriated from profit and loss account	—	—	—	25,000	25,000
Less:	3,108,651	3,119,659	220,500	83,120	3,423,279
Movements in connection with:—					
Goodwill relating to a subsidiary which has ceased to trade, written off	19,733	—	—	19,733	19,733
Trading losses, less profit of subsidiaries ceasing to trade during the year (Note 1 (c))	—	—	—	31,066	31,066
Final loss on cessation of trading in 1962 of Glen-taggart Limited	—	—	—	13,146	13,146
Goodwill relating to subsidiaries transferred to Indal	259,915	—	—	—	—
Share issue expenses	—	1,927	—	—	1,927
Balances at 31st July, 1964	£2,829,003	£3,117,732	£220,500	£19,175	£3,357,407

Notes to the Accounts continued

12 Development and Deferred Expenditure

The expenditure carried forward, which is stated at cost less amounts written off, relates to subsidiaries and is made up as follows:—

	1964	1963
	£	£
(a) Removal expenses	9,416	—
(b) Advertising expenditure	5,786	—
(c) Pre-production expenditure	9,887	2,366
(d) Development expenditure in connection with relay television	20,330	23,300
(e) Preliminary and formation expenses	—	3,406
	£45,419	£29,072

It is intended to write off (a) and (b) over the three years ending 31st July, 1967, (c) in the year ending 31st July, 1965, and (d) over various periods not exceeding eleven years.

13 Future Taxation

Future taxation comprises:—

	1964	1963
	£	£
Income tax 1965/66 at the rate of 7s. 9d. in the £	282,255	71,215
Taxation equalisation	52,012	24,950
	£334,267	£96,165

As indicated in Note 1 (d), certain of the subsidiaries acquired during the year have not yet introduced taxation equalisation. The amount set aside for taxation equalisation in the consolidated balance sheet represents, as regards the fixed assets (other than land and buildings) owned by the remainder of the Group, income tax and profits tax at current rates on the excess of the written down values in the accounts over the written down values for taxation purposes.

14 Fixed Assets of Pillar Holdings Limited

	1964		1963	
	Cost	Accumulated Depreciation	Net	Net
	£	£	£	£
Leasehold premises	18,880	374	18,506	608
Furniture, fixtures and fittings	9,884	558	9,326	8,281
Motor vehicles	6,293	835	5,458	1,600
	£35,057	£1,767	£33,290	£10,489
(1963)	£11,761	£1,272		

15 Interest in Subsidiary Companies

	1964	1963
Investments	£	£
As valued by the directors at 5th July 1960, less amounts written off	385,580	391,329
At cost (see below), less amounts written off	6,335,261	758,577
	6,720,841	1,149,906
Amounts owing by subsidiaries, including £394,929 (1963 £133,881) net dividends receivable	1,082,762	731,923
	7,803,603	1,881,829
Less: Amounts owing to subsidiaries	400,357	406,336
	£7,403,246	£1,475,493

For the most part the cost of shares in subsidiaries has been arrived at by reference to the market value of the shares or loan stock of Pillar Holdings Limited at the time of acquisition, where this formed part of the consideration. In some cases, however, the nominal value of such shares, amounting to £73,780, has been recorded instead of their market value; if this treatment had not been adopted the cost of the shares in subsidiaries would have been greater by £174,000.

Notes to the Accounts continued

16 Share Capital of Pillar Holdings Limited

Movements on issued share capital have been as follows:—

	Number of shares of 2s. each fully paid	Nominal Value £
Balance at 31st July, 1963.....	5,633,908	563,391
Issued during the year in respect of:—		
Acquisitions of subsidiaries (Note 2).....	4,005,031	400,503
Conversion of 7½% Loan Stock (Note 10).....	645,278	64,528
Exercise of option by Mr. J. A. Paterson.....	100,000	10,000
Balance at 31st July, 1964.....	10,384,217	£1,038,422

17 Capital Reserves of Pillar Holdings Limited

Movements in capital reserves during the year have been as follows:—

	Share Premium	Premium on 6% Loan Stock	General	Total
	£	£	£	£
Balance at 31st July, 1963.....	458,480	—	—	458,480
Movements in connection with:—				
Acquisitions of subsidiaries (Note 2).....	2,460,956	220,500	—	2,681,456
Conversion of 7½% Loan Stock (Note 10).....	178,973	—	—	178,973
Exercise of option by Mr. J. A. Paterson.....	21,250	—	—	21,250
Profit on sale of trade investment.....	—	—	24,901	24,901
Amount transferred from revenue reserve.....	—	—	8,071	8,071
Amount appropriated from profit and loss account.....	—	—	25,000	25,000
	3,119,659	220,500	57,972	3,398,131
Less:				
Movements in connection with:—				
Amount written off shares in subsidiaries.....	—	—	43,703	43,703
Final loss on cessation of trading in 1962 of Glentaggart Limited.....	—	—	13,146	13,146
Share issue expenses.....	1,927	—	—	1,927
Balances at 31st July, 1964.....	£3,117,732	£220,500	£1,123	£3,339,355

18 Contingent Liabilities and Capital Commitments

- There is a contingent liability in respect of uncalled capital of a subsidiary which, so far as concerns Pillar Holdings Limited, is £25,000.
- Certain subsidiaries have contingent liabilities in respect of possible recourse under television hire purchase agreements that they have discounted.
- There were capital commitments at 31st July, 1964 (other than those noted below) for which provision has not been made in these accounts, to the extent of £18,700 (1963 £99,400), all of which relates to subsidiaries.
- Pillar Holdings Limited has agreed to purchase 25,000 Ordinary Shares of £1 each, fully paid, (being the remaining 50% of the capital that the Group does not already own) in an associated company on or before 1st August, 1965, at a cost of £29,687.
- A subsidiary has agreed to purchase at par in five equal annual instalments on 1st July from 1969 to 1973, 125,000 10% Cumulative Preference Shares of £1 each, fully paid, in one of its subsidiaries.
- Under the terms of the agreement for the acquisition of the 79% interest in K. W. Chemicals Limited the purchase price of £197,500 may be increased by reference to future profits.
- Pillar Holdings Limited has granted an option, exercisable at any time up to 1st October, 1968, over 28% of the share capital of K. W. Chemicals Limited, the option price to be not less than the effective cost of the shares to the company.
- Pillar Holdings Limited has agreed to acquire on request from the present minority shareholders of two subsidiaries of Indal, their shareholdings in those companies, at prices based in part, on the profits earned by those companies. The maximum cost, if based on the profits to 31st July, 1964, is estimated at £110,000. Pillar Holdings Limited has an obligation to offer to Indal any such shareholding that it acquires (see Note 18 (i)).
- Pursuant to the joint venture agreement (see Note 1 (a)), the company has the obligation to offer to Indal any aluminium interests owned by the Group. Both Mellowes & Company, Limited and Grafton Industrial Securities Limited, which were acquired during the year, have aluminium interests, but, by arrangement with the other shareholders in Indal, these were not offered to Indal during the year.
- The joint venture agreement provides that the holders of (i) the "A" Ordinary Shares and (ii) the "B" Ordinary Shares in Indal shall each subscribe within one month of the annual general meeting, for additional "A" and "B" Ordinary Shares at par so that each subscribes one half of the additional capital determined by the directors of that company to be required for the ensuing year, the total amount to be subscribed in this respect during 1964 having been fixed at £142,661.
- Pillar Holdings Limited has agreed to acquire, for shares or cash, on request from the shareholders concerned, their shareholdings in an associated company, representing the remaining 50% of the share capital of that company not already owned by the Indal group. The price to be paid by Pillar Holdings Limited for such shares is based on the profits earned by that associated company and its subsidiaries and, if settled in cash by reference to the profits earned to 31st July, 1964, is estimated at £250,000.

Five Year Group Financial Statistics

	1963/64	1962/63	1961/62	1960/61	1959/60
	£'000s	£'000s	£'000s	£'000s	£'000s
NET ASSETS at year end					
Fixed Assets.....	2,667	896	801	500	363
Investments	1,027	545	66	63	63
Working Capital.....	824	123	281	(24)	64
	4,518	1,564	1,148	539	490
Less:					
Debentures and Loan Stocks.....	2,108	508	450	—	—
Net tangible assets	2,410	1,056	698	539	490
Goodwill and other Intangibles	2,874	313	76	157	149
	5,284	1,369	774	696	639
REPRESENTING					
Share Capital	1,038	563	425	342	342
Reserves and retained profits.....	3,640	617	272	265	239
Pillar Shareholders Interest	4,678	1,180	697	607	581
Minority Interests and Future Taxation.....	606	189	77	89	58
	5,284	1,369	774	696	639
PROFITS					
Profit before Taxation	860	260	90	108	104
Taxation	436	102	39	45	48
Profit after Taxation	424	158	51	63	56
Minority Interests	17	6	(4)	—	1
Profit attributable to Pillar Shareholders	407	152	55	63	55
Dividends	191	72	44	38	34
OTHER STATISTICS					
Number of 2/- shares issued at year end (000s).....	10,384	5,634	4,246	3,416	3,416
Dividends declared %	30	21	18	18	18
Dividend cover (times)	2.1	2.1	1.2	1.7	1.6
Equity earnings %.....	64	44	21	30	26
London Stock Exchange " High "	16s. 9d.	16s. 2d.	7s. 10d.	6s. 9d.	9s. 6d.
London Stock Exchange " Low "	12s. 3d.	7s. 4d.	5s. 10d.	4s. 8d.	5s. 0d.

Notes on Statistics

- 1 The accounting periods for 1960, 1961 and 1962 are for the years ended 5th July; for 1963 for the thirteen months ended 31st July and for 1964 for the year ended 31st July.
- 2 Profits, taxation thereon and profits after taxation are before deducting or crediting exceptional or non-recurring items. The 1963 profit includes £23,000 due to a new subsidiary adopting the group's policy on accounting for completed contracts.
- 3 Equity earnings have been calculated on the profit attributable to Pillar shareholders, "grossed up" at the standard rate of income tax and related to the number of shares issued at the end of each accounting period.
- 4 Dividend cover has been calculated by reference to (a) the net dividend payable after deduction of income tax at the standard rate and (b) the profits (as defined in Note 2 above) after taxation and after deducting the interests of minority shareholders in subsidiaries.
- 5 All statistics relate to the relevant accounting period, except for The Stock Exchange "High/Low" prices which relate to five years ended 31st December, 1963, and for 1964, for the period from 1st January, 1964 to 31st October, 1964.

The Tolworth Broadway Development



Main Contractors: MYTON LIMITED

Architects: R. SEIFERT & PARTNERS

Quicktho Engineering Limited has designed, built, supplied and fixed a total of 132,260 sq. ft. of curtain walling for the recently completed Tolworth Broadway Development. The entire curtain walling was anodised by Acorn Anodising Company Limited.

Precision Metal Forming Limited



Roll forming of building sheet
from colour coated steel
at the works of
Precision Metal Forming Limited
Cheltenham

